

Chief Financial Officer's Performance Goals, Objectives and Expectations



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Table of Contents

I.	INTRODUCTION	1
II.	DOCUMENT STRUCTURE	2
III.	HIERARCHY OF PERFORMANCE MEASURES	2
IV.	CFO GOALS, OBJECTIVES and EXPECTATIONS	3

APPENDIX A

Optional Performance Measures for Contractors and Self-Assessments

APPENDIX B

CFO SELF-ASSESSMENT GUIDE Note: Guidance for Self-Assessments was revised per FY 1998 reporting guidance. This appendix is retained for informational purposes only.

I. Introduction

The Chief Financial Officer's Goals, Objectives and Expectations Document (GOE) is the culmination of several years of partnering with and learning from program offices, operations offices, contractors and private organizations. Building on the tenets of the Financial Management Strategic Plan of the Office of the Chief Financial Officer (CFO), the document further defines the critical goals, objectives and performance expectations for CFO operations Departmentwide. This document replaces the Chief Financial Officer's Goals, Objectives and Measures document previously issued in May 1996.

The GOE was developed to support the Chief Financial Officer's comprehensive oversight strategy implemented as a part of the Business Management Oversight Process. This strategy balances traditional performance measurement with activities to ensure adequate management controls and compliance. The success of this concept depends heavily on the establishment of clear expectations of overall performance. The Goals, Objectives and Expectations document sets forth the critical goals and objectives of the CFO organization and outlines Departmental expectations for overall CFO performance.

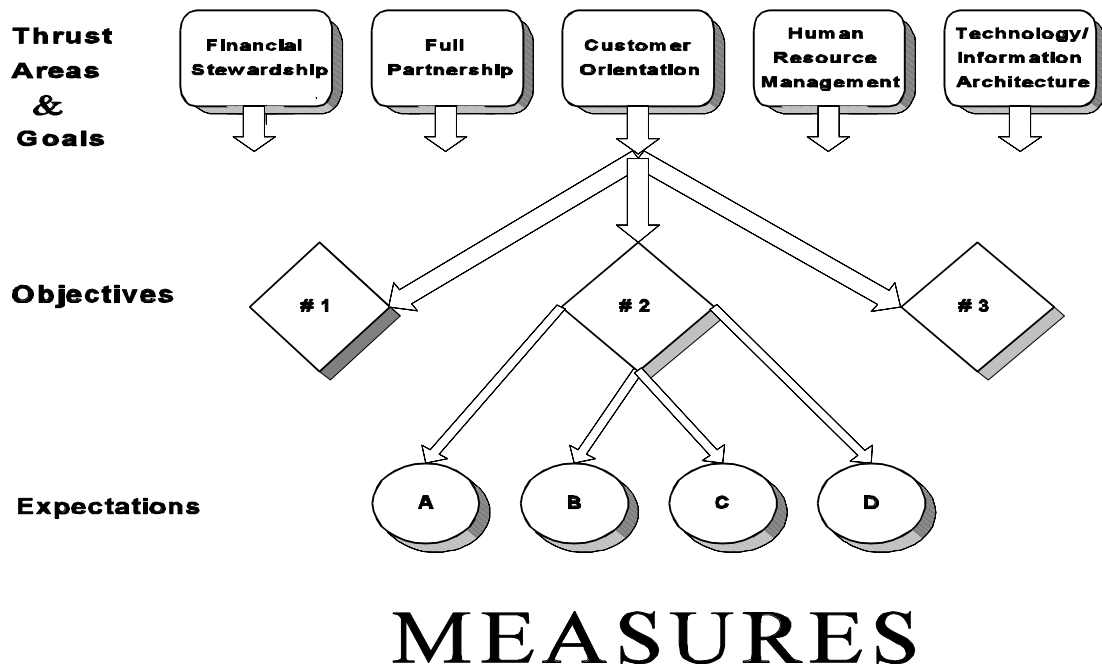
This document along with the CFO's Critical Performance Measures represents the CFO's performance agreement with Field organizations and serves to identify focus areas for Field organizations' annual self-assessments.

II. Document Structure

The CFO Performance Goals, Objectives and Expectations document provides a sound basis for performance based oversight by establishing the expectations at a Departmental level against which financial management performance should be assessed. The development of the performance expectations and accompanying measures is based on the following structure using the thrust areas from the CFO Strategic Plan:

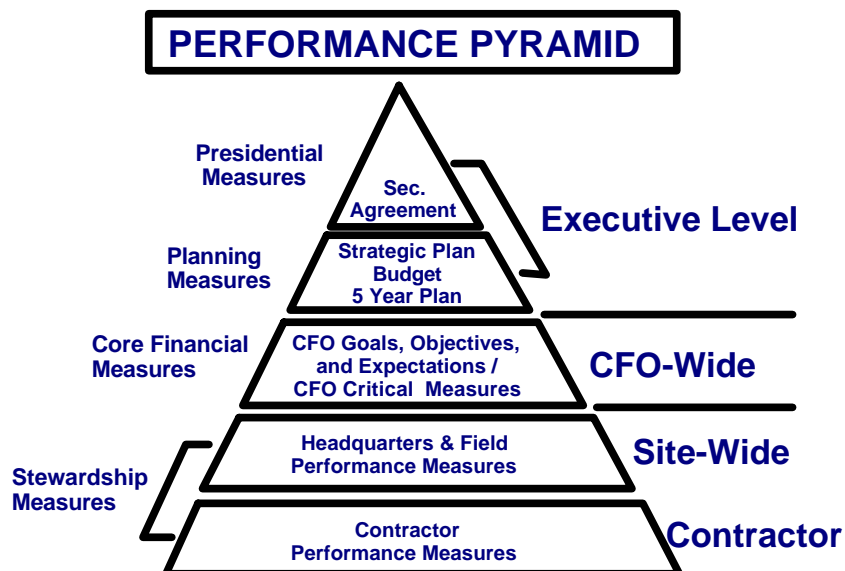
Definitions

- **Thrust Areas**
The thrust areas are directly from the CFO Strategic Plan and are derived from the Financial Management Vision Statement
- **Goals**
The five desired directions or outcomes that directly relate to the thrust areas.
- **Objectives**
The verifiable statements that break down the goals into functional financial management areas and that support each goal.
- **Expectations**
A set of expected activities that, when taken together, demonstrate that an objective is successfully achieved.
- **Measures**
A quantitative or qualitative metric used to monitor and evaluate performance.



III. Hierarchy of Performance Measures

By tying the CFO's performance expectations and measures directly to the CFO Strategic Plan, we are able to link all CFO performance assessment activities on a Departmentwide basis. The following chart demonstrates this link and shows the flow of performance expectations and measures throughout the Department:



III. CFO PERFORMANCE GOALS, OBJECTIVES and EXPECTATIONS

The following section presents the CFO Goals, Objectives, and Expectations. This section should be utilized in coordination with the CFO's Critical Performance Measures.

FINANCIAL STEWARDSHIP

GOAL: Ensure financial integrity and reliability in a downsized environment through effective and efficient execution of financial stewardship responsibilities to help ensure optimum use of taxpayers' dollars and protection of the Department's assets against fraud, waste and abuse.

FINANCIAL STEWARDSHIP	
<p>OBJECTIVE 1: Maintain and adapt core functions to meet needs of changing environment. These core functions include the following focus areas: cost management, cash management, financial data and reporting, and budget.</p> <p>OBJECTIVE 2: Franchise CFO activities based on cost benefit analysis</p> <p>OBJECTIVE 3: To ensure compliance with laws, regulations, and other requirements.</p> <p>OBJECTIVE 4: To reinvent oversight roles and responsibilities moving from compliance to performance based oversight. To ensure efficient and effective financial oversight.</p>	
Focus Areas	Expectations
1. <u>Cost Management</u> To continuously improve cost management through effective accounting controls and financial management techniques	Support costs are maintained at an appropriate level in relation to total costs Contractor cost certifications (Statement of Costs Incurred and Claimed) reflect only allowable costs Financial practices are in conformance with approved disclosure statements Significant Cost Accounting Standards non-compliances are minimized Cost reduction incentive proposals are innovative and result in the return of any realized savings to the control of the Department
2. <u>Cash Management</u> To ensure efficient and effective Cash Management	Accounts receivable delinquencies are minimized Commercial payments and other cash transactions are made in a timely, efficient and cost effective manner Penalties on late commercial payments are minimized Cost beneficial payment discounts are recognized and lost discounts are minimized Use of electronic funds transfer is encouraged and increased Reimbursable work is appropriately priced and managed in accordance with Departmental policy

<p>3. <u>Financial Data & Reporting</u> To ensure that financial data is recorded accurately and timely in accordance with applicable accounting principles and other standards and that financial reports are accurate, timely and reliable.</p>	<p>Financial statements and other financial reports are timely, reliable and accurate</p> <p>Financial data is recorded promptly, consistently and accurately</p> <p>Audited Financial Statements receive unqualified opinions</p> <p>Monthly DISCAS/FIS/MARS submissions are on-time and error free</p> <p>Departmental Inventory Management System (DIMS) submissions agree with MARS/FIS and are provided in a timely manner</p>
<p>4. <u>Budget</u> To ensure quality budget formulation and effective budget execution</p>	<p>Budgets are effectively planned and executed within established funding levels</p> <p>Budget estimates are optimized and approved funding is used appropriately</p> <p>Budgets are submitted in accordance with CFO Budget Call requirements</p> <p>Programs do not experience funding disruptions</p> <p>Uncosted/unobligated balances are appropriate and understood</p> <p>Uncosted/unobligated balances are analyzed and used to offset future budget requests</p> <p>Reprogrammings are coordinated and completed in a timely manner</p> <p>Approved Funding Programs (AFP) are issued in a timely manner</p>

<p>5. <u>Oversight</u> To ensure effective and efficient financial oversight.</p>	<p>Financial management controls safeguard against fraud, waste, and abuse</p> <p>Adverse audit findings are minimized</p> <p>An effective contractor oversight process has been established and implemented</p> <p>Performance Expectations and Measures have been established with contractors which are consistent with Departmentwide CFO Goals, Objectives, Expectations and Measures</p> <p>Performance measures adequately support financial management goals and objectives</p> <p>An effective Management Control Program has been established and implemented</p> <p>Inspector General and GAO audit findings in the area of financial management are minimized</p> <p>Contractor and Field self-assessments are reliable and results are well supported</p> <p>Performance targets are established which are challenging yet achievable</p>
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FULL PARTNERSHIP

GOAL: Financial management is an integral part of the decision making process to achieve programmatic and corporate goals.

FULL PARTNERSHIP

- OBJECTIVE 1:** Include the financial management perspective in decision making.
- OBJECTIVE 2:** Establish clearly defined roles and responsibilities to support a responsive and responsible financial management
- OBJECTIVE 3:** Establish a constructive and active partnership with customers
- OBJECTIVE 4:** Enhance the credibility of the financial management community by promoting a culture of cooperation, trust and support

Expectations

Increased financial management community participation in Congressional and OMB meetings and on key Departmental Boards and Committees; e.g. Systems Council, Working Capital Fund Council, etc.

Top management sponsorship and support for the active involvement of the financial management community in the Department's decision making processes

Programs and contractors are satisfied with partnering activities

Department/site-wide goals and objectives are accomplished through joint efforts

Proactive and consistent contact through customer liaison representatives at all organizational levels

Evaluate specific financial issues through focused prototype partnerships

Department/site-wide goals and objectives are accomplished through joint efforts

Provide responsive, valid, consistent and user-friendly financial data to customers based on their needs

CUSTOMER ORIENTATION

GOAL: To have a customer-oriented culture where exceptional customer service is a way of business.

CUSTOMER ORIENTATION

OBJECTIVE 1: Strive to improve commitment to customer service

OBJECTIVE 2: Understand our customers' needs for products and services

OBJECTIVE 3: Provide timely, efficient, quality products and services to customers

Expectations

Improve customer service perspective through forums to discuss corporate customer service goals and successful practices

Prioritize conflicting customer requirements

Maintain an accurate identification and prioritization of customers on an organization-wide basis

Obtain customer input on core services in a format that can be trended

Customers are satisfied with core financial services

Customer suggestions/requirements are addressed

Cycle times for customer service processes are minimized

HUMAN RESOURCES

GOAL: To build a high-caliber financial management work force focused on mission accomplishments and recognized as best among peers, making optimal use of current staff, diversity and development, recognition, and staff empowerment.

HUMAN RESOURCES

OBJECTIVE 1: Implementation of CFO Reorganization in a timely manner.

OBJECTIVE 2: Promote and support employee empowerment.

OBJECTIVE 3: Maintain diversity and a development program.

OBJECTIVE 4: Improve internal communication.

Expectations

Convey a communication plan to stakeholders that reflects changes in organization and new points of contact

Employees are satisfied with job and development activities

Employees suggestions/requirements are addressed

A diverse workforce is maintained

Individual Development Plans (IDP) are encouraged

FMDP and other professional certification is encouraged and supported

TECHNOLOGY/INFORMATION ARCHITECTURE

GOAL: To meet customer and stakeholder financial management information needs by maintaining a "World Class" financial management system.

TECHNOLOGY/INFORMATION ARCHITECTURE

- OBJECTIVE 1:** Centralize systems organizationally
- OBJECTIVE 2:** Support financial management systems
- OBJECTIVE 3:** Make useful financial data readily available to customers
- OBJECTIVE 4:** Implement a comprehensive Financial Management System to satisfy customer requirements

Expectations

Financial management systems meet DOE and Government-wide requirements

Financial system supports the Department's financial stewardship responsibilities

Financial management initiatives foster improvement and are supported by FMSIC

APPENDIX A

This appendix contains a listing of various performance measures which support the CFO's Goals, Objectives and Expectations. These measures serve merely as a compendium of performance measures which may be used to aid organizations in negotiating performance measures with contractors, monitoring specific performance areas, or supporting self-assessment findings. The measures were gathered from a number of sources over the last three years and are provided for your use as you deem appropriate.

Optional Measures

GOAL: FINANCIAL STEWARDSHIP

Cost Management

Direct costs as a percent of total cost

Dollar amount of disallowed costs on Contractor "Statements of Cost Incurred and Claimed"

Number of significant Cost Accounting Standards non-compliances identified thru internal and external evaluations

Dollar amount of cost savings

Cash Management

Number and dollar amount of receivables delinquent as a percent of total receivables

Percent of DOE and contractor receivables referred to the Department of Justice within 6 and 8 months respectively

Number and dollar amount of penalties paid on late commercial payments

Number and dollar amount of lost discounts on commercial payments as a percent of cost beneficial discounts offered

Percentage of small purchase transactions conducted with the IMPAC credit card

Financial Data & Reporting

Number of qualified opinions or disclaimers on Audited Financial Statements

Percent of errors in initial monthly DISCAS/FIS submissions & days early/late in submitting the data

Number and dollar amounts of payroll and other suspense items over 60 days old

Number and percent of Departmental Inventory Management System (DIMS) submissions which agree with FIS control numbers & days early/late in submitting quarterly data

Days early/late in submitting selected internal & external reports

Budget

Uncosted/unobligated balances as a percent of total obligational authority by appropriation

Average reprogramming cycle time

Average Approved Funding Program (AFP) processing cycle time

Percent of uncosted balance thresholds exceeded

Number of administrative and legal funds control violations

Percentage of budget documents submitted on-time

Reduction in overtime hours used in budget formulation

Oversight

Number of new and repeat Inspector General findings related to the Management Control Program

Number of new and repeat Inspector General and GAO audit findings in the area of financial management

Number of needed improvements disclosed through business management system reviews and "For Cause" reviews

Number and percent of reliable self-assessments

Number of IG and GAO audit reports open more than 1 year after management decision

Number of IG and GAO reports where management decision date is more than 6 months after report issue date

Number and percent of performance goals successfully achieved

Number of performance based incentive fees validated

GOAL: FULL PARTNERSHIP

Customer/Stakeholder satisfaction rating with partnering activities

GOAL : CUSTOMER ORIENTATION

Customer satisfaction ratings in core financial services

Average travel voucher processing cycle time

Percentage of commercial payments made on-time

Turnaround time for purchase requisitions, training forms and miscellaneous obligations

GOAL: HUMAN RESOURCES

Employee satisfaction ratings in core job and developmental activities

Percentage of CFO employees with Individual Development Plans (IDP)

Percent of CFO employees with FMDP certificates

Percent of CFO employees by diversity group

GOAL: TECHNOLOGY/INFORMATION

Number of financial management system non-conformances

Percent of ADP Plan projects completed/on schedule

APPENDIX B

This appendix contains the CFO Self-Assessment Guide. This guide is intended to aid organizations in conducting site self-assessments and to convey expectations for self-assessments.

SELF-ASSESSMENT GUIDE

OFFICE OF CHIEF FINANCIAL OFFICER



SEPTEMBER 1997

BACKGROUND

As the Department moves towards performance based oversight, self-assessments will become a major component of Headquarters oversight of Field operations. To support Field self-assessments, the Headquarters Office of Chief Financial Officer is issuing this document to provide general guidelines and expectations for performing these assessments.

EXPECTATIONS, MEASURES & ASSESSMENT AREAS

The Office of Chief Financial Officer's Performance Goals, Objectives and Expectations document provides a cohesive set of performance expectations and measures with Departmentwide application and use in the assessments. Attachment A outlines the assessment areas as they relate to the established expectations and measures. Some areas may not apply to all sites and the CFO may identify additional areas of special interest or concern to be included in the assessments.

PERFORMING THE ASSESSMENT

Field elements may use a variety of techniques to assess a specific area. Specific techniques are not prescribed for each area; however, they should be adequate to support statements made in the self-assessment report. Such techniques may include, but are not limited to:

- a) Analysis of performance results against established objectives is the major technique used for the performance measurement portion of the assessment
- b) Surveys may aid in assessing a specific area.
- c) Analyzing the results of recent existing assessments may provide sufficient coverage of an area, or provide limited assurance as to the controls and level of compliance for a specific area. All sources of assessments should be considered including IG and GAO audits, internal evaluations, annual summary management assessments performed under the Department's Management Control Program, and any other source of information.
- d) Interviews with responsible personnel and senior managers may also provide insight into level of performance and presence of good internal controls.
- e) Limited testing and analysis of process controls and transactions may be required for assessment areas. This helps assure that controls are working as intended to produce the desired results.

WHAT TO LOOK FOR

Each area should be assessed in terms of the following:

- 1) Performance Results - The results of performance measures should be analyzed in terms of actual performance against CFO expectations and, where applicable,

established performance targets. Those factors influencing performance should be identified and evaluated and planned actions to improve performance should be developed where appropriate.

- 2) Best Practices - One of the key benefits of performance measurement is the identification of ways to improve performance. In performing the self-assessments, offices should identify any “Best Practices” which have contributed to improving performance in a specific area. The identification of the practices may then be shared with other offices in order to realize Departmentwide performance improvements.
- 3) Internal/In-Process controls and Compliance with laws, regulations and other applicable policies and standards - Internal controls for each process covered by the assessment should be assessed to ensure that they are adequate and working as intended. A lack of controls may contribute to performance results which indicate good performance, but in fact reflect an absence of controls. Additionally, each area should be assessed in terms of compliance to ensure that positive performance results are not being obtained by failing to adhere to legal and other requirements.
- 4) Efficiency and Effectiveness - While process should include good internal controls and compliance, self-assessments should also determine the efficiency and effectiveness of operations to ensure that good performance is obtained in the most cost effective manner.

DOCUMENTATION

Offices should maintain adequate documentation or references to information services to support the statements made in the self-assessment; however, exhaustive documentation is not required.

REPORTING

The self-assessment report should contain an evaluation of each major assessment area as outlined in attachment A (i.e. Cash management, cost management, budget, etc.). Within each major area, specific areas of emphasis and related processes should be addressed such as uncashed balances, accounts receivable, etc. Specific areas may vary due to such factors as policy changes and shifts in vulnerabilities.

For each area assessed, the report should include:

- 1) A description of the approach and scope of the assessment as well as the assessment techniques utilized.
- 2) Graphical presentation of performance results
- 3) Narrative interpretation of the performance results as compared to performance targets

- 4) A statement on the relative efficiency and effectiveness of processes assessed
- 5) A brief description of the internal/in-process controls in place and their effectiveness, and the results of the assessment for compliance.
- 6) A description of planned actions and timeframes to improve performance, controls, or processes
- 7) An assessment of the overall current status and relative vulnerability of each specific area.

CONSIDERATION OF CONTRACTOR PERFORMANCE:

For those assessment areas where both the Field office and their contractor entities have activity (i.e. accounts receivable), the Field office should assess only the Federal aspects of the area. However, for each area where the contractor(s) do have the same activity, the Field office should present comparable contractor performance measurement data (summarized) and a brief statement on the contractor's relative performance should be made. This not expected to be a detailed explanation of contractor performance, but instead a short (may be a few sentences) summary of how well the Field organization believes the contractor is performing and any major issues of which Headquarters should be aware. The Field office should not perform an assessment of contractor performance for this purpose nor request a special assessment by the contractor. If the contractor has not yet accumulated performance data or performed an assessment, the Field Office may simply state this fact.

EXECUTIVE SUMMARY

In addition to the specific requirements by assessment area, the report should contain an executive summary for the Financial Management functional area which presents the following:

- a) An overall statement on financial management performance
- b) Description of those activities considered to be "Best Practices"
- c) Suggested changes to site-specific performance measures

CFO PERFORMANCE BASED OVERSIGHT FIELD ASSESSMENT AREAS

	MAJOR ASSESSMENT AREAS	EMPHASIS AREAS
Financial Stewardship		
1	Cost Management	Functional/Indirect Costs Contractor Cost Certifications Compliance with Cost Accounting Standards
2	Cash Management	Receivables (Including Reimbursable Work) Disbursements
3	Financial Data & Reporting	Financial Reports used by Managers Financial Statements Nuclear Materials Inventory System External Reporting Data Accuracy Suspense Items
4	Budgeting	Uncosted Balances Budget Planning and Execution
5	Oversight	IG and GAO Audit Findings Business Management System Assessments Reliability of Self-assessments Performance against Measures
Full Partnership		
6	Partnership	Partnering Activities
Customer Orientation		
7	Customer Orientation	Satisfaction in Core Financial Services Travel Processing Timeliness of Commercial Payments
Human Resources		
8	Employee Development	Satisfaction with Developmental Activities Financial Management Development Program Diversity
Technology Information Architecture		
9	Financial Systems	Systems Development ADP Plan Execution

